Economic Development Committee

Date: **15 March 2000**
Venue: **Cardiff Bay**
Title **Funding of Coalfields Regeneration Trust**

Purpose

1. This paper seeks to clarify if the Coalfields Regeneration Trust was calculated for Wales on a pro-rata basis (given the number of mines and miners in Wales) and why there has been slippage from the budget.

Background

2. The Deputy Prime Minister announced the formation of the Coalfields Regeneration Trust in December 1998 as part of the Government's response to the Coalfields Task Force report (an England only report). The GB wide Trust was announced on 25th January 1999. It was established as an independent charitable company on 29 March 1999. The Trust was launched in Doncaster on 16 September 1999. The Welsh launch was in Merthyr on 7 December 1999.

Financial Implications

3. The Trust has a total budget of £50 million over three years to fund regeneration projects in coalfield (and former coalfield) communities across the three countries. Wales' contribution of £3.462 million (ring fenced for Wales) is made up of £1.5 million over three years from the National Assembly's block budget and is in proportion (based on the Barnet formula) to the £25 million grant from the Department of Environment, Transport and the Regions. The remainder (£1.962 million) represents £1.36 million for Wales from the £10 million made available by the UK Government in lieu of surplus miners' pension funds and £.602 million for Wales from the Reserve (the Barnet equivalent of £10 million secured from the Reserve for England).

Surplus miners' pension funds

4. When announcing the setting up of the Trust the Government stated its intention to endow the Trust with £10 million in recognition of the money that accrues to the Government through its share of the miners' pension fund surplus. Scotland and Wales asked to be allocated their fair share of that money in recognition of the contributions made by their mining communities to that fund.

5. Following discussions with CMT Pension Fund Trustees Services Ltd - administrators of the Miners' Pension Scheme(MPS) and the British Coal Staff Superannuation Scheme (BCSSS) -

it was agreed to allocate the £10 million between Wales, England and Scotland according to the number of pensioners and deferred pensioners in the three countries.

6. This gave a split of:

England	£7,657,000	77%
Wales	£1,360,000	13%
Scotland	£ 983,000	10%

Spending profile of Trust

7. The Trust was established in March 1999 and so was unable to spend any of the £1.962million in 1998-99. The Finance Secretary agreed that this provision could be carried forward into 1999-2000. Following its establishment, the Trust has been recruiting staff, establishing bidding and appraisal systems and reaching agreement on grant conditions in each of the three countries. It has recently invited bids for funding.. Latest intelligence is that the Trust will to spend around £130,000 during this financial year. It is proposed to seek the agreement of the Finance Secretary to carry forward the unspent 1999-2000 resources into 2000-01. The remaining £1.5 million was the subject of a successful bid for new money as part of this year's Budget Planning Round ie. £0.5 million in 2000-01 and £1.0 million in 2001-02. If the Finance Secretary's agreement is forthcoming, the revised profile of spending is likely to be £130,000 in 1999-00; £2.332 million in 2000-01; and £1 million in 2001-02. This accords with the spending profile shown in the Trust's business plan.

Compliance

The Secretary of State's functions under Section 126-128 of the Housing Grants Construction and Regeneration Act 1996, so far as exercisable in relation to Wales, were transferred to the National Assembly by SI 1999/672 free from the requirement for Treasury consent and delegated to the Assembly Secretaries for Economic Development and Local Government and Urban Regeneration. Payment of grant to the Trust will be made under these powers. There are no issues of regularity and propriety and the proposals, while novel, are not contentious.

Action

Members are invited to note the paper.

Contact

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